

# **Czech University of Life Sciences**

Faculty of Economics and Management



## **Abstract of Diploma Thesis**

**Analysis of Chinese Real Estate**

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## **SUMMARY**

The aim of this diploma thesis is to evaluate real estate and related policies in China especially the land policy and the housing policy in China. Also, it is necessary to assess similarities and differences of price composition between Beijing and other main city in the eastern coastal area of China. The main factors that influence the price of housing in eastern coastal area in China are evaluated using econometric methods. The main conclusions are that Chinese real estate market needs certain type of government control. The main factors that influence price of real estate are tax policy, number of developing firm on real estate, proportion of investment on real estate, production cost of real estate, the vacancy ratio and consumer income level. Although they have different efficient on real estate they are all important.

**Key words:** Housing in China, Land Policy in China, Housing Price Comparison, Legal framework, Factor Analysis, Regression Analysis.

## **Aims and Objectives**

The aim of this diploma thesis is to understand the legal framework of real estate in China, especially the land policy and the housing policy in China. Learn the presentation of the situation on housing in China and the eastern coastal area of China which is the main real estate and housing market. Analyze similarities and differences on composition of price between Beijing, Shanghai, Guangdong and other main markets in eastern coastal area of China. Find out the main factors to influence the price of housing in eastern coastal area in China by economics model. By the result of modeling will find which factor can impact on the price of housing and real estate so that government can formulate the relative policies and laws referring to these results. Use the method of macro-control to influence the market of real estate.

## **Research Questions**

- What is the basic land policy in China ?
- What the current situation and problem on the housing in China, especially in the eastern coastal area of China where is the main market on real estate and housing?
- What are the main factors to influence the price of housing in China?
- What is similar and different on composition of price between Beijing and other main city in the eastern coastal area of China ?
- What approach can help solve the problem and make it better?

## **Main Methodological Tools**

Literature review is the main study and analysis method. Literature review can help people to summarize the analysis and result from previous. Being more professional and doing clearly research by literature review, can make the author to understand more comprehensively about the theme and subject. By literature review, can learn the policy and developing trend on real estate in China, at the same time, to help author find the main factor to influence the price of real estate then helping the model to make hypothesis .

Comparative analysis and econometric modeling are used as the main methodological tools. The price of housing in China has different level in different area, therefore this thesis use

comparative analysis to compare the difference between Beijing and the main city in the Eastern coastal area of China. The primary source of data is from 'National bureau of statistics of China'.

Set model of the main factor of housing in China, use multiple regression analysis to find out which is the most important factor to impact Chinese real estate, the similar and difference on composition of price between Beijing and other main city in the eastern coastal area of China.

## **Conclusion**

The basic land policy in China is quite different by the different situation on real estate market. But as time goes by, Chinese government utilize different kinds of policy (not only the direct real estate policy) to control and supervise the real estate market, such as: tax policy, loan policy, finance policy, land policy and other policy on raw materials. In general, there are two factors can affecting the price changes on real estate, the one is supply and demand, the other one is the change of cost. As land policy, cannot only affect supply and demand, but also on directly determines the development costs, which in the real estate market regulation, in particular of obvious on real estate prices.

The current situation and problem on the housing in China, is the population and land contradictory, more and more people even family cannot afford the housing in urban area. especially in the eastern coastal area of China where is the main market on real estate. People have to rent an apartment or choose the house in rural area. But the rich family bought more and more apartment and house for investment, these situation lead to many social problem such as: people lose the motivation on working, the government will lose the confidence from citizens, intensified conflicts between the rich and the poor people, and so on.

Follow the result from the model, the main factors which can influence the price of housing in China is tax policy, resources occupation of per capital, the proportion of investment on real estate and building cost for real estate development. People can try to use these factor to influence the real estate market in China.

All in all, there have not only one method to help real estate market in China. At the same time, either government, firm or consumer can't lead the market by only themselves, should each of them to do the mutual cooperation, and find the balance point in the real estate market.

## **Selected Resources**

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